

4/1/94

**AMBULANCE SERVICE DISTRICT  
No. 1 OF LAFOURCHE PARISH  
Cut Off, Louisiana  
December 31, 2010  
and  
December 31, 2009**

**Audits of Financial Statements**

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/17/11

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# **AMBULANCE SERVICE DISTRICT NO. 1 OF LAFOURCHE PARISH**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This section of **AMBULANCE SERVICE DISTRICT NO. 1 OF LAFOURCHE PARISH** annual financial report presents background information and management's analysis of the Ambulance District's financial performance during the fiscal year that ended December 31, 2010. Please read it in conjunction with the financial statements in this report.

### **Financial Highlights**

- The Ambulance District's total assets increased by \$1,113,371 due to an increase in cash and cash equivalents and receivables.
- During the year, the Ambulance District's total operating revenues increased \$481,985 from prior year primarily due to the oil spill. The Ambulance District had an increase in operating expenses of \$115,648. The increase in operating expenses was primarily due to an increase in salaries which was partly offset by a decrease in insurance expense.
- The Ambulance District increased net assets by \$1,103,326.
- Net patient service revenue decreased by \$25,569 from the prior year primarily due to the increase in the Provision for Bad Debts.
- Other operating revenue increased by \$507,554 compared to prior year due to revenues related to the oil spill.
- Non-operating revenue increased by \$195,962. The majority of the increase was from millage tax revenue.

### **Overview of the Financial Statements**

This financial report consists of four parts: Management's Discussion and Analysis, Basic Financial Statements, and Supplementary Information and various governmental compliance reports and schedules by certified public accountants and management. The Basic financial Statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

### **Required Basic Financial Statements**

The Basic Financial Statements of the Ambulance District report information about the Ambulance District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statement of Net Assets includes the Ambulance District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Ambulance District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Ambulance District and assessing the liquidity and financial flexibility of the Ambulance District. All of the current year's revenues and expenses are accounted for in the Statement of Revenue, Expenses and Changes in Net Assets. This statement measures the success of the Ambulance District's operations over the past two years and can be used to determine whether the Ambulance District has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Ambulance District's cash from operations, investing and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Financial Analysis of the Ambulance District**

The Statement of Net Assets and the Statement of Revenue, Expenses, and Changes in Net Assets report information about the Ambulance District's activities. These two statements report the net assets of the Ambulance District and changes in them. Increases or decreases in the Ambulance District's net assets are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in the economic conditions, population growth and new or changed government legislation.

***Net Assets***

A Summary of the Ambulance District's Statement of Net Assets is present in Table 1 below:

**TABLE 1  
Statement of Net Assets  
(in thousands)**

	<u>December 31,</u>		<u>Dollar</u>	<u>Percentage</u>
	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>Change</u>
Current and Other Assets	\$4,490,292	\$3,274,502	\$1,215,790	37.13 %
Capital Assets – Net	<u>663,119</u>	<u>765,538</u>	<u>( 102,419)</u>	<u>( 13.38 %)</u>
Total Assets	<u>\$5,153,411</u>	<u>\$4,040,040</u>	<u>\$1,113,371</u>	<u>27.56 %</u>
Current Liabilities	\$ 134,171	\$ 124,126	\$ 10,045	8.09 %
Total Liabilities	<u>\$ 134,171</u>	<u>\$ 124,126</u>	<u>\$ 10,045</u>	<u>8.09 %</u>
Net Assets				
Invested in Capital Assets	663,119	765,538	(102,419)	(13.38) %
Unrestricted	<u>4,356,121</u>	<u>3,150,376</u>	<u>1,205,745</u>	<u>38.27 %</u>
Total Net Assets	<u>\$5,019,240</u>	<u>\$3,915,914</u>	<u>\$1,103,326</u>	<u>28.18 %</u>

As can be seen in Table 1, total assets increased from \$4,040,040 to \$5,153,411 in fiscal year 2010. The change in total assets results primarily from increases in receivables and cash and cash equivalents.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**MANAGEMENT DISCUSSION AND ANALYSIS**

*Summary of Revenue, Expenses and Changes in Net Assets*

**TABLE 2  
Condensed Statements of Revenues, Expenses and Changes in Net Assets**

	Years Ended December 31	
	<u>2010</u>	<u>2009</u>
Net Patient Service Revenue, (Net of Provision for Bad Debts of \$1,858,788 for 2010 and \$1,760,150 for 2009)	\$ 1,352,870	\$1,378,439
Other Revenue, Net	<u>562,272</u>	<u>54,718</u>
Total Operating Revenue	1,915,142	1,433,157
Depreciation	146,840	165,045
Other operating expenses	<u>2,121,944</u>	<u>1,988,091</u>
Total Operating Expenses	2,268,784	2,153,136
Loss From Operations	( 353,642)	( 719,979)
Non-operating Income	<u>1,456,968</u>	<u>1,261,006</u>
Change in Net Assets	1,103,326	541,027
Net Assets – Beginning of Year	<u>3,915,914</u>	<u>3,374,887</u>
Net Assets – End of Year	<u>\$ 5,019,240</u>	<u>\$ 3,915,914</u>

*Sources of Revenue*

*Operating Revenue*

During fiscal year 2010, the Ambulance District derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive ambulance care. As can be seen in Table 3 the number of ambulance trips was up 1.19% from the previous year while Gross Charges Billed increased 2.33% . There was also a corresponding increase in the bad debts experienced.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**MANAGEMENT DISCUSSION AND ANALYSIS**

(Continued)

*Other Revenue*

Other revenue includes revenues from cooperative endeavor agreements with the Lafourche Parish Government and the Tenth Ward Veterans District. The details of these agreements are included in the footnotes to the financial statements. Other revenue also included \$502,800 of revenue relating to services provided to BP relating to the oil spill that occurred.

*Non-operating Revenue*

The majority of Non-operating revenue is from millage (Ad valorem) taxes received by the district. The district received millage (Ad valorem) taxes of \$1,399,391 in 2010 and \$1,195,903 in 2009 net of assessor's fees of \$44,820 in 2010 and \$38,346 in 2009. The district also receives revenue sharing of approximately \$10,000 per year and has investment income from its investments which consisted mainly of money market accounts and certificates of deposits throughout the year.

*Operating Expenses*

Operating expenses increased slightly due to an increase in salaries which was partly offset by a decrease in insurance.

Table 3 presents the gross charges billed for patient services and the number of ambulance trips for the fiscal years ended December 31, 2010 and 2009.

**TABLE 3  
Gross Charges Billed and Ambulance Trips**

	Year Ended	
	December 31,	
	2010	2009
Gross Charges Billed	\$3,211,658	\$3,138,589
Number of Trips	3,917	3,871

***Summary of Cash Flows***

**TABLE 4  
Condensed Statements of Cash Flows**

	Year Ended	
	December 31,	
	2010	2009
Cash and Cash Equivalents Provided By (Used In)		
Operating Activities	\$( 42)	\$( 420,484)
Non-capital Financing Activities	1,174,288	1,118,274
Capital and Related Financing Activities	( 34,221)	( 101,382)
Investing Activities	16,294	( 1,736)
Net Increase(Decrease) in Cash and Cash Equivalents	1,156,319	594,672
Cash and Cash Equivalents		
Beginning of Year	1,274,425	679,753
End of Year	<u>\$2,430,744</u>	<u>\$1,274,425</u>

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Capital Assets**

The Ambulance District's capital assets activities are included in Table 4 below:

**TABLE 5  
Capital Assets**

	December 31 2010	December 31 2009	Dollar Change	Percentage Change
Buildings	\$ 495,955	\$ 509,567	\$( 13,612)	( 2.67) %
Vehicles (Ambulances)	466,287	466,287	—	0 %
Furniture and Equipment	141,720	134,331	7,389	5.50 %
Medical Equipment	346,848	339,744	7,104	2.09 %
Communication Equipment	111,545	106,223	5,322	5.01 %
Other Equipment	<u>99,081</u>	<u>94,026</u>	<u>5,055</u>	<u>5.38 %</u>
	1,661,436	1,650,178	11,258	.68%
Accumulated Depreciation	<u>998,317</u>	<u>884,640</u>	<u>113,677</u>	<u>12.85 %</u>
Net Capital Assets	<u>\$ 663,119</u>	<u>\$ 765,538</u>	<u>\$(102,419)</u>	<u>(13.38%)</u>

Major capital asset events during the current fiscal year included the following:

- The district purchased \$7,104 of various medical equipment.
- The district purchased \$12,444 of various other equipment.
- The district purchased \$5,322 of communication equipment.
- The district disposed of one trailer with original cost and improvements of \$33,163.

**Economic Factors and Next Year's Budgets and Rates**

The district's Board of Directors and management considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

- The Economy
- Changes in Medicare Regulations
- Changes in Medicaid Regulations
- Changes in Health Care Industry
- Millage Rate
- Fee Schedule
- Recent Healthcare Legislation

The tax revenues are expected to increase from the prior year. Net patient service should remain steady. The district does not expect any significant variances for its other revenues or expenses. Normal increases are expected for insurance, salaries and related benefits.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Contacting the District's Financial Manager**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact District Administration:

Ambulance Service District No. 1 of Lafourche Parish  
17078 West Main Street  
Cut Off, LA 70345



Board of Commissioners  
**Ambulance Service District No. 1**  
**of Lafourche Parish**

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of the business-type activities of **Ambulance Service District No. 1 of Lafourche Parish**, component unit of the Lafourche Parish Council, as of and for the years ended December 31, 2010 and December 31, 2009, which collectively comprise the Ambulance District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Ambulance Service District No. 1 of Lafourche Parish's** management. My responsibility is to express opinions on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

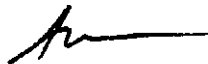
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of **Ambulance Service District No. 1 of Lafourche Parish** as of December 31, 2010 and December 31, 2009, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

In accordance with *Government Auditing Standards*, I have also issued my report dated May 6, 2011 on my consideration of **Ambulance Service District No. 1 of Lafourche Parish** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquires, the basic financial statements, and other knowledge I obtained during my audits of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Ambulance Service District No. 1 of Lafourche Parish's** financial statements as a whole. The accompanying supplementary information such as the Board Members Per Diem, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The Board Members Per Diem is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Aldon G. Wahl, Jr.  
Certified Public Accountant

May 6, 2011

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**STATEMENT OF NET ASSETS**

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,430,744	\$ 1,274,425
Investments	223,991	540,209
Patients accounts receivable, less allowance for doubtful accounts of \$820,473 and \$699,637 respectively	265,868	235,162
Millage tax receivable, less allowance for doubtful accounts of \$20,991 and \$11,959 respectively	1,378,401	1,183,945
Other accounts receivables, less allowance for doubtful accounts of \$ 0 and \$ 0 respectively	153,086	6,214
Prepaid expenses	<u>38,152</u>	<u>34,497</u>
Total current assets	<u>4,490,242</u>	<u>3,274,452</u>
<b>NON CURRENT ASSETS</b>		
<b>CAPITAL ASSETS</b>		
Depreciable, net	<u>663,119</u>	<u>765,538</u>
<b>OTHER ASSETS</b>	<u>50</u>	<u>50</u>
Total noncurrent assets	<u>663,169</u>	<u>765,588</u>
Total assets	<u>\$ 5,153,411</u>	<u>\$ 4,040,040</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 9,063	\$ 7,989
Accrued vacation and sick pay	122,251	115,635
Payroll liabilities payable	<u>2,857</u>	<u>502</u>
Total current liabilities	<u>134,171</u>	<u>124,126</u>
Total liabilities	<u>134,171</u>	<u>124,126</u>
<b><u>NET ASSETS</u></b>		
Invested in capital assets	663,119	765,538
Unrestricted	<u>4,356,121</u>	<u>3,150,376</u>
Total net assets	<u>\$ 5,019,240</u>	<u>\$ 3,915,914</u>

The accompany notes are an integral part of these financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS**

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
<b><u>NET PATIENT SERVICE REVENUE</u></b> , Net		
of Provision for Bad Debts of \$1,858,788 for 2010		
and \$1,760,150 for 2009	\$ 1,352,870	\$ 1,378,439
<b><u>OTHER OPERATING REVENUE</u></b>	<u>562,272</u>	<u>54,718</u>
Total operating revenues	<u>1,915,142</u>	<u>1,433,157</u>
<b><u>OPERATING EXPENSES:</u></b>		
Contractual services	37,506	35,892
Depreciation	146,840	165,045
Fuel	63,526	51,651
Insurance - general	179,449	225,846
Insurance - medical	123,497	122,620
Medical supplies	62,101	68,571
Miscellaneous expenses	12,397	12,607
Office and general supplies	18,578	17,347
Payroll taxes and retirement	153,071	139,619
Postage	7,036	5,498
Professional fees	4,523	8,158
Repairs and maintenance	64,745	64,996
Salaries	1,350,990	1,194,342
Telephone	15,248	13,898
Tower expense	6,687	7,020
Uniforms	4,824	4,146
Utilities	<u>17,766</u>	<u>15,880</u>
Total operating expenses	<u>2,268,784</u>	<u>2,153,136</u>
Operating income (loss)	<u>( 353,642)</u>	<u>( 719,979)</u>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>		
Millage tax, net of assessor's fees		
of \$44,820 in 2010 and \$38,346 in 2009	1,399,391	1,195,903
Revenue sharing	10,565	10,619
Investment income	23,970	20,032
Miscellaneous Income	<u>23,042</u>	<u>34,452</u>
Total nonoperating revenue (expenses)	<u>1,456,968</u>	<u>1,261,006</u>
Change in net assets	1,103,326	541,027
<b><u>NET ASSETS, BEGINNING OF YEAR</u></b>	<u>3,915,914</u>	<u>3,374,887</u>
<b><u>NET ASSETS, END OF YEAR</u></b>	<u>\$ 5,019,240</u>	<u>\$ 3,915,914</u>

The accompany notes are an integral part of these financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**STATEMENTS OF CASH FLOWS**

	<u>December 31,</u> <u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from patients and third-party payors	\$ 2,115,512	\$ 1,572,007
Cash payments to employees for services and benefits	(1,618,587)	(1,466,963)
Cash payments to suppliers of goods and services	<u>( 496,967)</u>	<u>( 525,528)</u>
Net cash used in operating activities	<u>( 42)</u>	<u>( 420,484)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Millage tax	1,167,244	1,104,133
Revenue sharing	<u>7,044</u>	<u>14,141</u>
Net cash provided by non-capital financing activities	<u>1,174,288</u>	<u>1,118,274</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of capital assets	( 44,421)	( 144,686)
Proceeds Sale of Capital assets	<u>10,200</u>	<u>43,304</u>
Net cash used for capital and related financing activities	<u>( 34,221)</u>	<u>( 101,382)</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>		
Purchase of investment securities	( 8,976)	( 18,859)
Investment Income	<u>25,270</u>	<u>17,123</u>
Net cash provided by (used in) investing activities	<u>16,294</u>	<u>( 1,736)</u>
<b>NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,156,319	594,672
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR</b>	<u>1,274,425</u>	<u>679,753</u>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$2,430,744</u>	<u>\$ 1,274,425</u>

The accompany notes are an integral part of these financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**STATEMENTS OF CASH FLOWS  
(Continued)**

	<u>December 31,</u> <u>2010</u>	<u>2009</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (353,642)	\$ (719,979)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	146,840	165,045
Provision for uncollectible accounts	1,858,788	1,760,150
Gain Sale of assets	( 10,200)	( 12,300)
Changes in assets and liabilities:		
(Increase) decrease in receivables	(1,648,218)	(1,609,000)
(Increase) decrease in prepaid expenses	( 3,655)	650
Increase (decrease) in accounts payable	1,074	5,332
Increase (decrease) in accrued vacation and sick pay	6,616	3,879
Increase (decrease) in payroll liabilities payable	<u>2,355</u>	<u>( 14,261)</u>
Net cash provided by (used in) operating activities	<u>( 42)</u>	<u>(420,484)</u>
<b>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>	<u>\$ -</u>	<u>\$ -</u>

The accompany notes are an integral part of these financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**

**INTRODUCTION**

**Ambulance Service District No. 1 of Lafourche Parish** was created by the Police Jury of the Parish of Lafourche on November 22, 1978. The district serves the area of Lafourche Parish served by Hospital Service District No. 1 of Lafourche Parish (Tenth Ward of Lafourche Parish). The Ambulance District was created to own and operate ambulances for the care and transportation of persons suffering from illness, injury or disabilities which require ambulance care.

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

Government Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Parish to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish.
2. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Lafourche Parish Council appoints all members of the district's governing board it has the ability to impose its will on the District, and therefore the Ambulance District was determined to be a component unit of Lafourche Parish. The accompanying basic financial statements present information only on the funds maintained by the Ambulance District and do not present information on Lafourche Parish, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

The district has reviewed all of its activities and determined that there are no potential component units which should be included in the financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**  
(continued)

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ACCOUNTING STANDARDS**

The financial statements of the **Ambulance Service District No. 1 of Lafourche Parish** have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the district has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**PROPRIETARY FUND ACCOUNTING**

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The two types of proprietary funds are enterprise and internal service funds. The District's fund is a enterprise fund.

**ENTERPRISE FUNDS**

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**BASIS OF ACCOUNTING**

Basis of Accounting refers to when revenues and expenditures (or expenses) are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accrual basis of accounting is followed in recording revenues and expenses by the district. Under the accrual basis of accounting revenues are recognized when they are earned and expenses are recognized when incurred.

**REVENUES**

Ad valorem taxes are recognized in the year the taxes are levied. Net patient revenues (ambulance charges) and services provided under cooperative endeavor agreements are recognized when the services are rendered.

**EXPENSES**

Expenses are recognized when the related liability is incurred.



**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**  
(continued)

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**CAPITAL ASSETS-PROPERTY, PLANT AND EQUIPMENT**

Property plant and equipment are recorded at cost. Donated equipment is recorded at fair value at the date of donation, which is then treated as cost. Depreciation is computed under the straight-line method of depreciation based on the estimated useful lives of the individual assets. Depreciation is charged as an expense to operations. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Major replacements and improvements are capitalized at cost.

For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of ambulance care services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as non-operating income and expense.

**NET ASSETS**

Net assets represent the difference between assets and liabilities. Net asset classifications are defined as follows:

**Net Assets Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. The district had no debt at December 31, 2010 and December 31, 2009.

**Restricted Net Assets** - Net assets are reported as restricted when there are limitations imposed on their use, either through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Assets** – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt,” as described above.

The district first applies restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted net assets are available. The district had no restricted net assets at December 31, 2010 and December 31, 2009.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**  
(continued)

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**CASH AND INVESTMENTS**

Cash includes demand deposits, money market accounts and certificates of deposit in banks with a maturity of 90 days or less at purchase and are recorded at cost plus accrued interest which approximates market value.

Investments with a original maturities in excess of 90 days (including certificates of deposits) are classified as investments. If the original maturity is 90 days or less they are classified as cash equivalents. Investments are stated at fair market value. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating revenue when earned.

Investments in debt and equity securities are carried at fair value except for investments in debt securities with maturities of less than one year at the time of purchase. These investments are reported at amortized cost, which approximates fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating income when earned.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investments, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

**CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, money market accounts and investments with an original maturity of three months or less to be cash equivalents.

**REVENUE RECOGNITION - PROPERTY TAXES**

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February. Ad valorem taxes (which are based on population and homesteads in the parish) are recorded in the year the taxes are levied. The Lafourche Parish Tax Collector bills and collects taxes for the district.

**NET PATIENT SERVICE REVENUE AND RELATED RECEIVABLE**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered.

The district provides care to patients even though they may lack adequate insurance or may be covered under contractual arrangements that do not pay full charges. As a result, the district is exposed to certain credit risks. The district manages such risk by regularly reviewing it's accounts and contracts, and by providing appropriate allowances.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a timely basis. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

**ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The allowance for doubtful accounts is maintained at an amount which presents accounts receivable at their realizable value. Receivables are written off against the allowance for doubtful accounts in the year the accounts are determined to be uncollectible.

**COMPENSATED ABSENCES**

Compensated absences (vacation leave and sick pay) are accounted for in accordance with GASB Statement No. 16.

Vacation and sick leave are determined by length of service for full-time employees as follows:

1 year completed	1 week vacation and 1 week sick leave
2-4 years	2 weeks vacation and 2 week sick leave
5 years or more	3 weeks vacation and 3 weeks sick leave

Vacation leave must be used within the next twelve months or it is forfeited. Sick leave can be banked up to 160 hours. Sick leave in excess of 160 hours is paid to employees on their anniversary date. Sick leave is paid to employees upon termination of employment.

The liability for compensated absences is recorded on the district's Statement of Net Assets.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ASSETS LIMITED AS TO USE**

Assets limited as to use (if any) primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Commissioners for employee benefits and future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes. The district had no assets limited as to use at December 31, 2010 and December 31, 2009.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**  
(continued)

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**COSTS OF BORROWING**

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest earned on these same borrowed funds, before the funds are spent on the construction of the capital assets, is also capitalized.

**NON-DIRECT RESPONSE ADVERTISING**

The District expenses advertising costs as incurred

**FAIR VALUES OF FINANCIAL INSTRUMENTS**

The district applies the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. See Note M for details on fair values used for the district's assets and liabilities.

**NOTE B**

**CASH AND INVESTMENTS**

**CASH AND CASH EQUIVALENTS**

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

At December 31, 2010 and 2009, the carrying amount of the ambulance district's cash was \$2,430,744 and \$1,274,425, respectively, and the bank balance was \$2,491,051 and \$1,337,051, respectively. At December 31, 2010 and December 31, 2009 all deposits were fully secured from risk by federal deposit insurance or by pledged securities held by the District's third party agent in the district's name. Cash and cash equivalents are stated at cost, plus accrued interest, which approximates market. The carrying amounts for cash and cash equivalents at December 31, 2010 and December 31, 2009 respectively, are as follows:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Noninterest-bearing demand deposits	\$ -	\$ -
Interest-bearing demand deposits	46,253	11,137
Moneymarket accounts	2,384,491	1,263,288
Certificates of deposits	<u>-</u>	<u>-</u>
	<u>\$ 2,430,744</u>	<u>\$ 1,274,425</u>

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**  
(continued)

**NOTE B**

**CASH AND INVESTMENTS (continued)**

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

At December 31, 2010 and December 31, 2009, the Ambulance District had no deposits that were required to be reported in any of the three categories listed above. This includes both Cash and Cash Equivalents (above) and Certificates of Deposit reported as Investments.

**INVESTMENTS**

Investments are stated at fair value. The district accounts for its investments in accordance with GASB Statement 31. This statement requires investments to be carried at fair value. Fair value has been determined at the last reported sales price on a national exchange.

Investments at December 31, 2010 are as follows:

	<u>Investment Maturities</u> <u>(in Years)</u>			<u>Carrying</u> <u>Amount</u>	<u>Fair</u> <u>Value</u>
	Less than				
	<u>1</u>	<u>1-5</u>	<u>6-10</u>		
<u>Type of Investment</u>					
Certificates of Deposits	\$	\$	\$	\$	\$
Governmental Mutual Fund	<u>223,991</u>			<u>223,991</u>	<u>223,991</u>
<b>TOTAL</b>	<u>\$223,991</u>			<u>\$223,991</u>	<u>\$223,991</u>

Investments at December 31, 2009 are as follows:

	Investment Maturities (in Years)			Carrying Amount	Fair Value
	Less than				
	1	1-5	6-10		
Type of Investment					
Certificates of Deposits	\$326,593		\$	\$326,593	\$326,593
Governmental Mutual Fund	213,616			213,616	213,616
TOTAL	\$540,209	\$	\$	\$540,209	\$540,209

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**CONCENTRATION OF CREDIT RISK**

The District places no limit on the amount it may invest in any one issuer. Issuers comprising more than 5 percent of the District's investments at December 31, 2010 and December 31, 2009 are as follows:

<u>ISSUER</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Certificates of Deposit	-	60.5 %
Mutual Fund U.S. Govt.	100 %	39.5 %

**INTEREST RATE RISK**

The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. All of the district's investments have maturities of less than one year.

**CREDIT RISK**

As of December 31, 2010 and December 31, 2009 all of the District's investments were entirely insured or collateralized by investments held by the District's third party agent in the District's name.

At December 31, 2010 and December 31, 2009 all Certificates of Deposit amounts classified as investments were fully secured from risk by federal deposit insurance or by securities pledged and held by the District's third party agent in the district's name.

The district has no formal policy regarding credit risk. The district follows the Louisiana Revised Statutes when investing idle funds.

**NOTE C**

**CAPITAL ASSETS**

**PROPERTY, PLANT AND EQUIPMENT**

A summary of property and equipment at December 31, 2010 and 2009 is as follows:

	<u>Estimated life in years</u>	<u>December 31, 2010</u>	<u>2009</u>
Buildings	15-39	\$ 495,955	\$ 509,567
Vehicles (Ambulances)	5	466,287	466,287
Furniture and Equipment			
Furniture and Fixtures	5-8	141,720	134,331
Medical Equipment	5-8	346,848	339,744
Communication Equipment	5-8	111,545	106,223
Other Equipment	5-8	99,081	94,026
		<u>1,661,436</u>	<u>1,650,178</u>
Accumulated Depreciation		<u>998,317</u>	<u>884,640</u>
		<u>\$ 663,119</u>	<u>\$ 765,538</u>

Depreciation expense charged to operations for the years ended December 31, 2010 and 2009 were \$146,840 and \$165,045 respectively.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**NOTE C**

**CAPITAL ASSETS**

**PROPERTY, PLANT AND EQUIPMENT (continued)**

The following changes occurred in the property and equipment account:

	Balance December 31 <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31 <u>2010</u>
Capital Assets, Being Depreciated:				
Buildings	\$ 509,567	\$ 19,551	\$ 33,163	\$ 495,955
Vehicles (Ambulances)	466,287	---	---	466,287
Furniture and Equipment	134,331	7,389	---	141,720
Medical Equipment	339,744	7,104	---	346,848
Communication Equipment	106,223	5,322	---	111,545
Other Equipment	<u>94,026</u>	<u>5,055</u>	<u>---</u>	<u>99,081</u>
Total Capital Assets				
Being Depreciated	<u>\$ 1,650,178</u>	<u>44,421</u>	<u>33,163</u>	<u>\$1,661,436</u>
Less Accumulated Depreciation For:				
Buildings	\$ 235,561	\$ 23,257	\$ 33,163	225,655
Vehicles (Ambulances)	182,419	62,488	---	244,907
Furniture and Equipment	120,712	5,210	---	125,922
Medical Equipment	217,214	39,933	---	257,147
Communication Equipment	65,840	8,477	---	74,317
Other Equipment	<u>62,894</u>	<u>7,475</u>	<u>---</u>	<u>70,369</u>
Total Accumulated Depreciation	<u>884,640</u>	<u>146,840</u>	<u>33,163</u>	<u>998,317</u>
Total Capital Assets Being Depreciated, Net	<u>765,538</u>	<u>( 102,419)</u>	<u>---</u>	<u>663,119</u>
Total Capital Assets, Net	<u>\$ 765,538</u>	<u>\$( 102,419)</u>	<u>---</u>	<u>663,119</u>
	Balance December 31 <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31 <u>2009</u>
Capital Assets, Being Depreciated:				
Buildings	\$ 469,968	\$ 68,066	28,467	\$ 509,567
Vehicles (Ambulances)	490,344	52,126	76,183	466,287
Furniture and Equipment	129,425	4,906	---	134,331
Medical Equipment	326,906	12,838	---	339,744
Communication Equipment	99,473	6,750	---	106,223
Other Equipment	<u>94,026</u>	<u>---</u>	<u>---</u>	<u>94,026</u>
Total Capital Assets				
Being Depreciated	<u>\$ 1,610,142</u>	<u>144,686</u>	<u>104,650</u>	<u>\$ 1,650,178</u>

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**  
(continued)

**NOTE C**

**CAPITAL ASSETS**

**PROPERTY, PLANT AND EQUIPMENT (continued)**

Less Accumulated Depreciation For:

Buildings	\$ 241,039	\$ 22,989	28,467	\$ 235,561
Vehicles (Ambulances)	146,497	81,101	45,179	182,419
Furniture and Equipment	114,508	6,204	---	120,712
Medical Equipment	178,352	38,862	---	217,214
Communication Equipment	57,312	8,528	---	65,840
Other Equipment	<u>55,533</u>	<u>7,361</u>	<u>---</u>	<u>62,894</u>
Total Accumulated Depreciation	<u>793,241</u>	<u>165,045</u>	<u>73,646</u>	<u>884,640</u>
Total Capital Assets Being Depreciated, Net	<u>816,901</u>	<u>( 20,359)</u>	<u>31,004</u>	<u>765,538</u>
Total Capital Assets, Net	<u>\$ 816,901</u>	<u>\$ ( 20,359)</u>	<u>\$ 31,004</u>	<u>\$ 765,538</u>



**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**NOTE D**

**PENSION PLAN**

During 1991 the district established a plan under Section 408K of the Internal Revenue Code. Employees are automatically enrolled in the SEP (Small Employer Pension) or 408 (k) type plan after three (3) years of continuous full-time service. Lafourche Ambulance District's contribution rate will be set by the Board of Commissioners annually. The rate will be based on the employees gross earnings. The employee is allowed to contribute an amount up to, but not to exceed, fifteen (15%) percent of his/her gross earnings when combined with the employer's contribution. Employee contributions are allowed after one year of full-time service. Employees are 100% vested at the time of their enrollment. The plan does not issue a stand-alone report.

**SPECIFIC PROVISIONS**

1. Full-time employees are eligible upon completion of three (3) years of uninterrupted service. Leave of absence or other non-paid leave does not count toward accumulation of seniority.
2. Employee contributions will be calculated on a percentage of the employee's gross earnings on a pre-taxed basis.
3. Contributions will begin the month following the employee's third anniversary date.
4. Other regulations governing options such as premature withdrawals and changes in contribution rates, etc. are specified in the original contract.
5. The employer's contribution rate was five (5) percent of gross wages of qualifying employees for 2010, 2009 and 2008.
6. Other than its contribution made to the participants' accounts and recorded as expenditures, the district does not guarantee benefits under the plan.
7. All amounts are maintained in each individual's account administered by an insurance company.

The total payroll for the year 2010 was \$1,350,990 of which \$998,560 was covered by the plan. For 2010, the district's contribution was \$49,928 (5% of covered payroll). Employee contributions to the plan amounted to \$46,712 for 2010.

The total payroll for the year 2009 was \$1,194,342 of which \$890,480 was covered by the plan. For 2009, the district's contribution was \$44,524(5% of covered payroll). Employee contributions to the plan amounted to \$48,636 for 2009.

The total payroll for the year 2008 was \$1,267,300 of which \$818,260 was covered by the plan. For 2008, the district's contribution was \$40,913 (5% of covered payroll). Employee contributions to the plan amounted to \$47,714 for 2008.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**NOTE E**

**COOPERATIVE ENDEAVOR AGREEMENTS**

During the year the Ambulance District was party to a Cooperative Endeavor Agreement with Fire Protection District No. 3 of Lafourche Parish. The Fire District provides communication services, including dispatching of calls, on a twenty-four hour a day basis, seven days a week for the Ambulance District at a fee of \$2,713 per month for the first two months and then \$2,848 for the last ten months of the year.

The Ambulance District was party to a Cooperative Endeavor Agreement with the Tenth Ward Veterans Memorial District to provide professional services to staff the Veterans District with drivers along with supervision and appropriate liability coverage for these drivers. The Veterans District reimburses the Ambulance District for all cost associated with providing this service including wages, payroll taxes, disability insurance, health insurance and any other cost plus an administrative fee of \$500 per month.

**NOTE F**

**POST EMPLOYMENT BENEFITS**

The Ambulance District has no Post Employment Benefits.

**NOTE G**

**PER DIEM PAID BOARD MEMBERS**

Per diem payments are presented on Schedule I

No per diem was paid to members of the Board of Commissioners for the year ended December 31, 2010.

**NOTE H**

**BUSINESS AND CREDIT CONCENTRATIONS**

The District grants credit to patients, substantially all of who are local residents. The district generally does not require collateral or other security extending credit to patients; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross and commercial insurance policies).

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**NOTE I**

**CONTINGENCIES AND RISK MANAGEMENT**

**LITIGATION**

The district is a defendant in various lawsuits. In the opinion of legal counsel for the district, the liability, if any would not exceed insurance coverage.

**RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

**LAWS AND REGULATIONS**

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments; compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in exclusion from government healthcare program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the District is subject to similar regulatory reviews, management believes the District is not the subject of any investigation at this time, and the outcome of any such regulatory review will not have a material adverse effect on the District's financial position.

**NOTE J**

**CAPITALIZED INTEREST**

For the years ended December 31, 2010 and 2009 the district had \$0 interest to capitalize.

**NOTE K**

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 6, 2011, and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**NOTE L**

**NET PATIENT SERVICE REVENUE AND RECEIVABLES**

Presented below is a summary of net patient service revenues and receivables for the years ended December 31, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Gross Patient Service Revenue	\$ 3,211,658	\$ 3,138,589
Less: Provision for Bad Debts	<u>(1,858,788)</u>	<u>(1,760,150)</u>
Net Patient Service Revenue	<u>\$ 1,352,870</u>	<u>\$ 1,378,439</u>
	<u>2010</u>	<u>2009</u>
Patient Accounts Receivables	\$ 1,086,341	\$ 934,799
Less Allowance for Doubtful Accounts	<u>( 820,473)</u>	<u>( 699,637)</u>
Net Patient Accounts Receivables	<u>\$ 265,868</u>	<u>\$ 235,162</u>

**NOTE M**

**FAIR VALUE MEASUREMENTS**

The district applies the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the inputs used to develop those assumptions and measure of fair value. The hierarchy requires the district to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing methods, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**NOTE M**

**FAIR VALUE MEASUREMENTS (continued)**

The following methods and assumptions were used by the district in estimating fair value of financial instruments disclosed herein:

Cash and cash equivalents – The carrying amount of cash and short-term instruments approximate their fair value.

Investments – Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices for similar securities. Mutual Funds are valued at the net asset value (NAV) of shares held at year end.

Accounts receivables, other current assets, accounts payable and other current liabilities – The carrying amount approximates fair value due to the short term nature of these accounts.

## SUPPLEMENTARY INFORMATION

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**SCHEDULE I  
SCHEDULE OF PER DIEMS PAID COMMISSIONERS  
For the year ended December 31, 2010**

No per diems were paid to commissioners

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## **OTHER REPORTS**

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A PROFESSIONAL CORPORATION

P.O. Box 965

LAROSE, LA 70373

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Ambulance Service District No. 1  
of Lafourche Parish

I have audited the financial statements of the business-type activities of **AMBULANCE SERVICE DISTRICT NO. 1 of LAFOURCHE PARISH**, component unit of Lafourche Parish, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Ambulance District's basic financial statements and have issued my report thereon dated May 6, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audits, I considered **AMBULANCE SERVICE DISTRICT NO. 1 of LAFOURCHE PARISH's** internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **AMBULANCE SERVICE DISTRICT NO. 1 OF LAFOURCHE PARISH's** internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the **AMBULANCE SERVICE DISTRICT NO. 1 OF LAFOURCHE PARISH'S** internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a certain deficiency in internal control over financial reporting that I consider to be a material weakness and another deficiency that I consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questioned costs as 2010-1 to be a material weakness.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

(continued)

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying schedule of findings and questioned costs as 2010-2 to be a significant deficiency.

Compliance and Other Matters

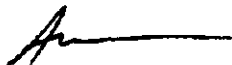
As part of obtaining reasonable assurance about whether **AMBULANCE SERVICE DISTRICT NO. 1 of LAFOURCHE PARISH's** financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**AMBULANCE SERVICE DISTRICT NO. 1 of LAFOURCHE PARISH's** response to the findings identified in my audit is described in the accompanying management corrective action plan. I did not audit **AMBULANCE SERVICE DISTRICT NO. 1 of LAFOURCHE PARISH's** response and, accordingly, I express no opinion on it.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

(continued)

This report is intended solely for the information and use of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Aldon G. Wahl, Jr.  
Certified Public Accountant

May 6, 2011

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
FOR THE YEAR ENDED DECEMBER 31, 2010**

I have audited the financial statements of the business-type activities of the Ambulance Service District No. 1 of Lafourche Parish as of and for the year ended December 31, 2010, and have issued my report thereon dated May 6, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

**SECTION I – SUMMARY OF AUDITOR’S REPORTS**

A) Report on Internal Control and Compliance material to the Financial Statements:

*Internal control:*

Material Weakness – **YES**  
Significant Deficiencies - **YES**  
Other Conditions - **NO**

*Compliance:*

Noncompliance Material to the Financial Statements – **NO**

B) Federal Awards

The Ambulance District received no federal awards for the year ended December 31, 2010.

**SECTION II FINANCIAL STATEMENT FINDINGS**

**2010-01 – Segregation of Duties**

CONDITION: Accounting and financial functions are not adequately segregated.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
FOR THE YEAR ENDED DECEMBER 31, 2010**

(continued)

**SECTION II FINANCIAL STATEMENT FINDINGS (continued)**

**2010-01 – Segregation of Duties (continued)**

CRITERIA: To ensure good internal controls and best practices for governmental entities, SAS55, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No.55, AU §319.06 defines internal control as follows:

*“Internal control is a process – effected by an entity’s board of directors, management, and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.*

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control. The district has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected. This condition represents a material weakness in the district’s internal control system.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

**2010-02 – Application of GAAP (generally accepted accounting principles)**

CONDITION: Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(continued)**

**SECTION II FINANCIAL STATEMENT FINDINGS (continued)**

**2010-02 – Application of GAAP (generally accepted accounting principles) (continued)**

**CRITERIA:** To ensure good internal controls and best practices for governmental entities, SAS112, *Communicating Internal Control Related Matters Identified in an Audit*, AU §325.18, states in pertinent part:

“Deficiencies in the following areas ordinarily are at least significant deficiencies in internal control:

- Controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles. Having sufficient expertise in selection and applying accounting principles is an aspect of such controls.”

Furthermore, AU §325.32 identifies the following as a deficiency in the design of (internal) controls:

“Employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity’s financial transactions or preparing its financial statements.”

**CAUSE:** The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control. Personnel do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP.

**EFFECT:** Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

**RECOMMENDATION:** No recommendation forwarded. The additional cost required to achieve the desired benefit may not be economically feasible.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
FOR THE YEAR ENDED DECEMBER 31, 2010**

(continued)

**SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.

**SECTION IV MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended December 31, 2010.

## **REPORTS BY MANAGEMENT**



**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

**Finding 2009-1.** Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Unresolved. See 2010-1.

**Finding 2009-2.** Inadequate controls over preparation of the financial statements.

Unresolved. see 2010-2.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

Ambulance Service District No. 1 did not receive federal awards during the year ended December 31, 2009.

**SECTION III MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended December 31, 2009.

**AMBULANCE SERVICE DISTRICT NO. 1  
OF LAFOURCHE PARISH**

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
2010-01	Inadequate segregation of accounting functions. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.	No corrective action is planned. Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Deborah Gautreaux	N/A
2010-02	Management and staff lack the training and expertise in selection and application of GAAP in the financial statement preparation process.	The district has evaluated the cost/benefit of establishing <i>internal controls</i> over the preparation of financial statement in accordance with GAAP and has determined that it is the best interest of the district to outsource this task to its independent auditors and will review, approve, and accept responsibility for the content and presentation of the statements and related notes prior to issuance.	Deborah Gautreaux	N/A

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

Ambulance Service District No. 1 did not receive federal awards during the year ended December 31, 2010.

**SECTION III MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended December 31, 2010.